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DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

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State Dept. review completed

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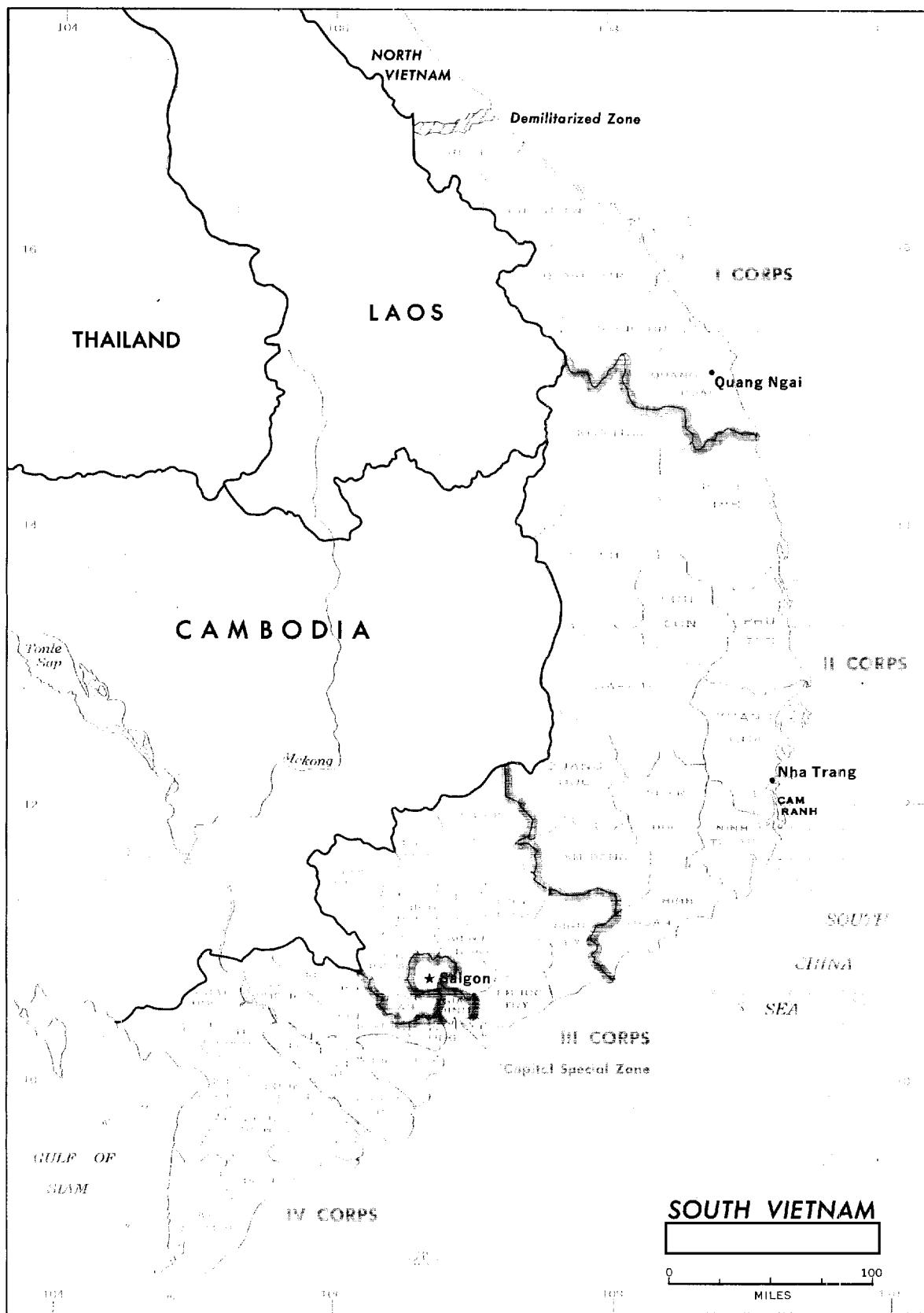
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[ South Vietnam: Three 122-mm. rockets were fired into downtown Saigon during the early morning hours of 3 March causing some fires and civilian casualties, but there was no indication that these signaled a resumption of the Communist offensive.

Enemy-initiated activity remained generally low throughout South Vietnam over the weekend, with scattered shelling and ground skirmishes on a scale comparable to the preoffensive period. The Communists continued to concentrate on military installations rather than urban centers, although terrorist incidents were reported in Saigon, Nha Trang and Quang Ngai City.

No firm intelligence has developed during the past two days to indicate when and where the Communists will commit the massive forces they have assembled for this campaign. The principal enemy divisions threatening the Saigon area and the northern provinces revealed no unusual activity over the weekend, but could strike at any time with a minimum of warning. [ ] (Map) ]

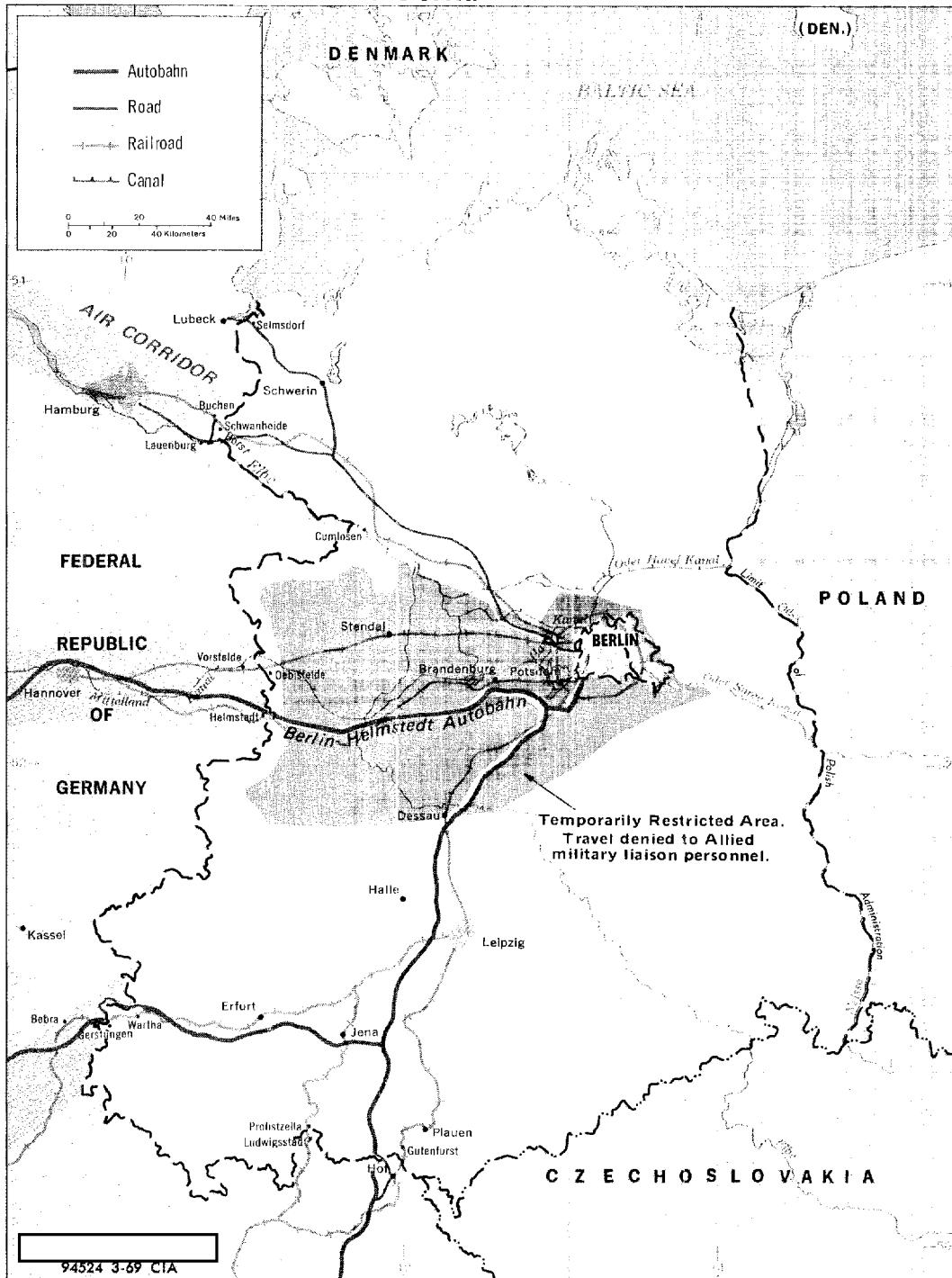
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## Travel Restrictions Around Berlin



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Berlin: Communist physical and propaganda pressures relating to Berlin have been intensified, but the Soviets yesterday made another effort to promote further East-West German discussion of the election issue.

An official of the Soviet embassy in Bonn contacted the West German foreign office on 2 March to suggest that the West Germans should make one more attempt to contact the East Germans on the question of the forthcoming Federal Assembly meeting in Berlin. The official said he had reason to believe that a new contact would meet the West German need for adequate, lasting concessions by the Eastern side. At Kiesinger's urging the West Berlin authorities subsequently decided to let Pankow know that their representatives would be available for further talks.

The new Soviet approach came in the wake of a seemingly fruitless meeting on 1 March between Chancellor Kiesinger and Soviet Ambassador Tsarapkin and of a number of moves pointing to further interference with access to Berlin.

Meanwhile, the chief Soviet controller in the Berlin Air Safety Center (BASC) yesterday informed his allied counterparts that the Soviets will refuse to guarantee the safety of aircraft carrying delegates to the Federal Assembly meeting. Delegates are booked on at least 144 flights to Berlin, most of which will depart West Germany on 3 and 4 March. The Soviet statement, however, provides Moscow with a rationale to refuse to guarantee the safety of any Western civilian aircraft, and may presage harassment in the air corridors.

The East Germans totally closed the Berlin-Helmstedt autobahn twice over the weekend for periods of two hours each time, and have continued to

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delay traffic sporadically by slowing down processing. Thus far, however, Pankow has not turned back traffic, despite its stated intention of banning the transport of goods being carried between Berlin and West Germany to be used for "military purposes."

The second closure of the autobahn was attributed to Warsaw Pact military movements on the road. East German police detained for over an hour a small US convoy outbound from Berlin. The convoy was halted about 60 miles west of the city. Other US convoys have traveled without difficulties.

(Map)

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France: Major labor-management talks on wages are set for tomorrow.

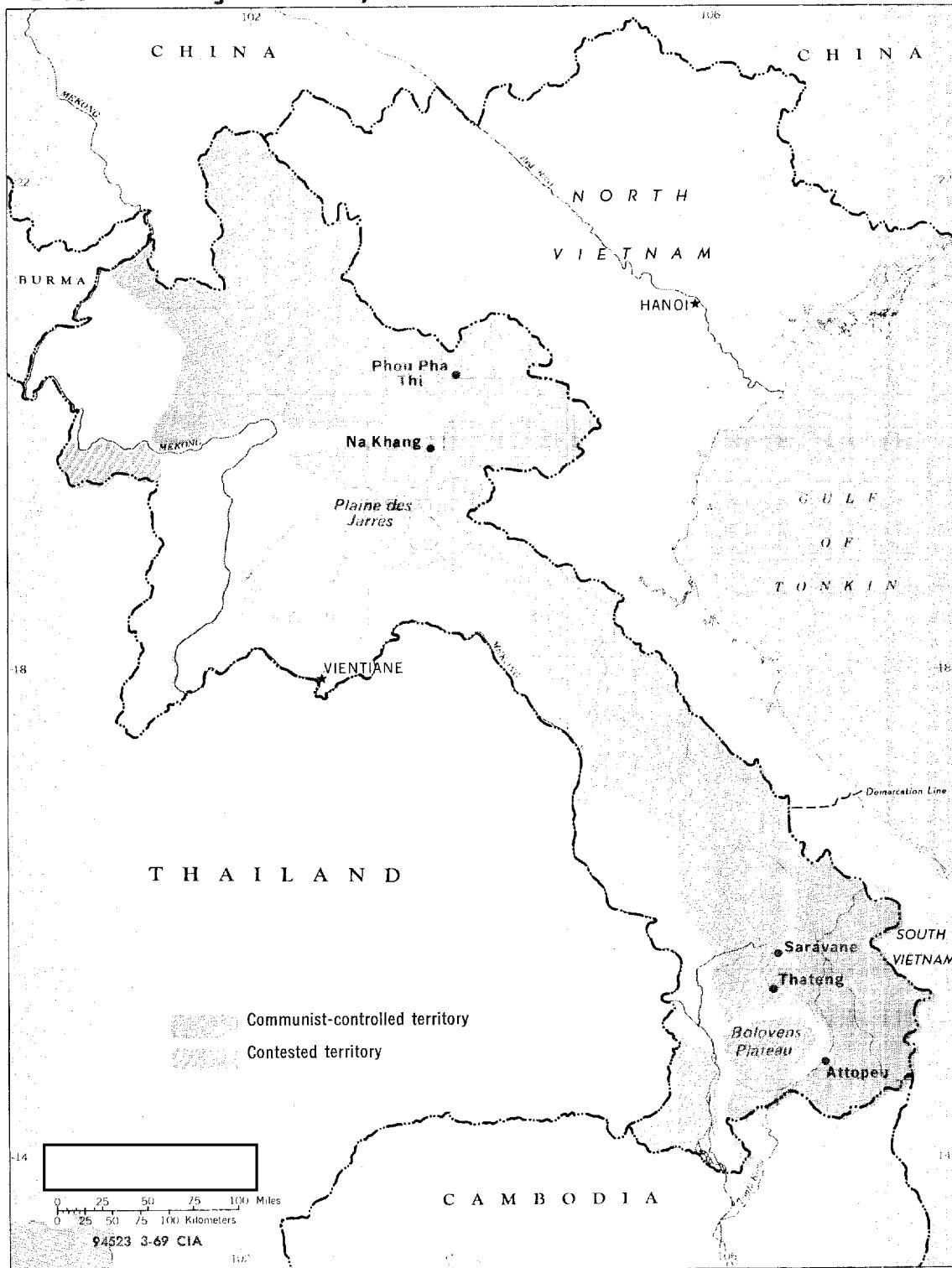
Both the government and the Patronat (National Association of French Manufacturers) argue that the talks, provided for in last May's accords, should be limited to a "review" of the situation, as set forth in the accords, and should not become a negotiating session. The unions--which hold that the spirit of the accords is more important than the letter--prefer negotiations for an across-the-board wage increase. Unless the government and the Patronat retreat from their present position, however, tomorrow's talks will amount only to statements of each party's views on the evolution of wages and prices over the past year.

The big unknown is the temper of the rank and file. In early February a "day of action" called by the unions received meager response from the union membership, but last weekend there was a successful "surprise" walkout in the Paris suburbs and a wildcat strike at Renault's Le Mans plant. Tempers are also rising in the nationalized industries where the government's grant of a four-percent increase in wages is being bitterly attacked as inadequate and as having been decided unilaterally without "real collective bargaining."

Although inflation has eaten up a large portion of the substantial wage increases of 1968, workers are still about eight percent ahead in terms of real wages. Even so, if the Patronat and government do not agree to more than piecemeal increases, the mood of labor could become more ugly, and widespread strikes might occur. It is unlikely, however, that France will be plunged into a situation as grave as that of last May.

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## LAOS: Na Khang Overrun by Communist Forces



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Laos: The loss of the government's base at Na Khang will be a severe setback to its guerrilla operations in the north.

A North Vietnamese force of about three battalions overran the key guerrilla base on 1 March in a well-coordinated attack. Following a heavy mortar and rocket barrage in which the base commander and other officers were killed in the early hours, the enemy had little trouble reaching the main base and airstrip. With the aid of heavy allied airstrikes the 600 defenders held the base during the day, but were forced to evacuate the site by late evening. Effective enemy antiaircraft fire hampered attempts to resupply the garrison by air.

Although a number of enemy units had been sighted moving toward the base's defensive perimeter during the previous two days, the government forces apparently were surprised by the determined attack. The base's defenses had been weakened last month when guerrilla forces were withdrawn to counter enemy threats to the south.

By capturing Na Khang, the most important guerrilla base remaining in the northeast, the enemy has taken another major step in its long-standing effort to eliminate the government's presence in the north. Smaller guerrilla facilities remain in the area, but are not as effective.

In past years the government has been able to regain positions lost in the dry seasons during subsequent rainy seasons, but the North Vietnamese with their improved logistics system are now in a better position to hold. The enemy's defense of Phou Pha Thi last year, moreover, indicates its determination to keep the government from re-establishing itself in the north.

[Map]

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Syria: The latest inning of Syria's perennial power struggle seems to have left Defense Minister Hafiz Asad in firm control of the country.

Asad and his supporters moved late last week to take over full control of the government. They apparently met with little opposition, and press reports state they will soon announce a new cabinet.

The position of former strongman Salah Jadid--the shadowy leader of Syria since the last coup in February 1966--is still uncertain. In any event, the military remains the key factor in Syrian politics, and Asad seems to feel that he can now muster sufficient support to counter any possible opposition.

Syria's basic position vis-a-vis Israel and the West will probably remain as hostile as ever. The main shift which could be expected in the country's international policies would be toward better relations with other Arab states. Asad has already been described as anxious to improve ties with the Iraqis, who represent a slightly more moderate wing of the socialist Baath Party than did the now-ousted Syrian Baathists. Asad is also reported to favor some lessening of Syria's military dependence on Moscow.

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Arab States: King Husayn could face a new internal security problem if units of the Palestine Liberation Army (PLA) now attached to the Egyptian Army are infiltrated into Jordan.

The PLA, the military arm of the Palestine Liberation Organization, is an Arab League creation consisting of units of Palestinians who are attached to the Egyptian, Iraqi, and Syrian armies.

Palestinian leader Yasir Arafat was quoted in the Cairo press earlier this month as stating that three to four thousand PLA troops would be transferred from Egypt to Jordan. Such forces presumably would intend to operate independently of the Jordanian Government.

Cairo's attitude in the matter is uncertain.

[redacted] acquiescing in the movement of the PLA units could accomplish a double purpose--it would show Egyptian support for the Palestinians against Israel and at the same time remove a potential troublemaking element from the Egyptian Army.

A PLA unit is already stationed in Jordan as part of the more than 20,000-man Iraqi contingent in the north. This unit, together with the Iraqis, has already given considerable assistance to the fedayeen. Husayn is obviously concerned that additional PLA groups in Jordan would increase the dangers to his government. Should an antiregime move get under way the Iraqis and the PLA could tip the scales to bring about a successful coup. [redacted]

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[ Israel: The ruling Labor Party is moving ahead with the nomination of Mrs. Golda Meir as the new prime minister, but trouble may be developing from Minister of Defense Dayan.

The Labor Party ministers, with one exception, yesterday approved a recommendation to submit Mrs. Meir's name as the party's candidate for prime minister to the party organization. Approval seems certain since Mrs. Meir's backers control the party machinery.

Mrs. Meir could run into some trouble in the Knesset, however. Yesterday, Dayan's supporters issued a statement that they did not plan to present his name to the party now, but they would support no other candidate because he was the most suitable for the position.

Dayan thus appears to be trying to establish a bargaining position--possibly to obtain party agreement to name him after Mrs. Meir's term. Dayan's faction (ex-RAFI) within the party controls 10 of the party's slim 63-vote majority in the 120-member Knesset. He probably could, if he were willing to bolt the party now, present a threat to Knesset approval of Mrs. Meir. [redacted]

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Peru: General Francisco Morales-Bermudez reportedly has been named minister of finance and commerce to replace General Angel Valdivia, who resigned on 28 February. Valdivia's loss will be felt by other moderates who opposed President Velasco's radical policies, but Morales-Bermudez will bring a pragmatic approach to Peru's economic problems which is similar to his predecessor's. The investigation into possible irregularities in the government's financial dealings with the International Petroleum Company since the expropriation last October prompted Valdivia's resignation, and the minister of development now has also offered his. [redacted]

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Canada: The Canadian Ambassador to NATO told Ambassador Cleveland on 28 February that he had "good news" to the effect that the outcome of the lengthy Canadian defense review would be known in two or three weeks. He thought the prospects for a satisfactory outcome were "fair to good." Prime Minister Trudeau would probably like to have the review finished before his visit to Washington on 24-25 March. [redacted]

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Ghana-USSR: Accra has announced that it is releasing the two detained Soviet trawlers and their crews. The trawler captains will be detained a while longer, however, so that they may testify before a commission investigating an alleged Nkrumah-backed antigovernment plot. The military government, feeling the effect of cumulative Soviet pressure, is anxious to show its independence, but will probably release the captains soon after they testify.

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Ethiopia: After a week of meetings that have created an unusually tense atmosphere in Addis Ababa, university students are apparently ready today to begin demonstrating on behalf of their demands for educational reform and repeal of a controversial tax on agricultural income. University student leaders have been seeking to increase their strength by enlisting the aid of the city's more than 10,000 secondary students in support of their demonstrations. The demonstrations are billed as peaceful, but involvement by a significant number of the secondary students would increase the chances of serious violence. The government has had its security forces on alert since early last week.

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